

USA FUNDS' 9/11/01 RELIEF FOR BORROWERS

Below is a brief outline regarding USA Funds' efforts to assist borrowers affected by the terrorist attacks of 9/11/01, including those borrowers subject to military mobilization or reassignment. Please review and let me know if you have any questions.

Institutional Reporting:

Certain schools are required to follow the guidance published in ED's GEN-01-12 letter.

Borrowers in Repayment, In-school, In Grace, On Deferment:

Lenders are required to follow the guidance published in ED's GEN-01-11 letter. Basically, borrowers (or endorsers, if applicable) living or residing in NYC are to be granted a mandatory administrative forbearance beginning 9/11/01 and ending 1/31/02 without borrower's request or any documentation. These borrowers may be identified by utilizing available zip codes or telephone area codes for the affected areas or on an individual basis when informed of the borrower or borrower's family.

Additionally, borrowers who were adversely affected by the events of 9/11/01 but do not live or work in NYC are also eligible for a mandatory administrative forbearance beginning 9/11/01 and ending 1/31/02. This mandatory administrative forbearance is to be granted based on request from the borrower, borrower's family, or other reliable source. No supporting documentation is required for this period of mandatory administrative forbearance.

Borrower may continue normal repayment or seek other program benefits, such as deferment, during this period of mandatory administrative forbearance.

Borrowers in Default:

Borrowers who are at least 270 days delinquent prior to 9/11/01:

1. If the loan(s) was in active collection activities prior to 9/11/01, the collection contractor must suspend collection activities during the period beginning 9/11/01 and ending 1/31/02. This includes all collection activities to borrowers, endorsers as well as contacts with references and employers. However, borrower payments may continue to be accepted.

Note: Activities may have continued past 9/11/01 until the date the collection contractor was notified by Sallie Mae to cease activities.

2. Borrowers in active AWG are to remain in AWG. However, if the employer is unable to comply with the AWG order due to being adversely impacted by the 9/11 attacks, the employer is not to be considered non-compliant.
3. Borrowers living or working in NYC who are pursuing consolidation or rehabilitation of their defaulted loan(s) or attempting to regain Title IV eligibility will be eligible for the suspension of collection activities. Any payments missed or received late during the period of suspension will not be considered to negate the agreement and will not negatively impact the borrower's rehabilitation, consolidation, or Title IV eligibility process.

4. Borrowers who are adversely affected by the events of 9/11/01 but do not live or work within the NYC are to be granted an administrative forbearance upon request from borrower or borrower's family or other reliable source.

Internal Process for Borrowers in Default but not Claim Purchased as of 9/11/01:

USA Funds will run monthly focus reports to identify USA Funds' and FAME guaranteed loans that were claim purchased after 9/11/01 with a default date prior to 9/11/01 [due dates of 12/14/00 or prior]. The loans will be placed in 1F location code as borrowers are identified. These accounts will not be assigned to a collection agency until 2/1/02.

A letter drafted by USA Funds will be sent to the borrower explaining the administrative forbearance and advising the borrower to contact Sallie Mae's PCA area (PCA's telephone number is included in the letter) if he has questions or wants to make payment arrangements. In addition, the letter will advise the borrower that USA Funds will delay reporting the default to national credit bureaus and assessing collection costs until after 2/1/02.

Messages will be entered on CRIT to advise status and reason for that status on the loans involved. Follow up messages for 2/1/02 will be entered on each account to ensure timely identification and placement into active collection codes. At that time, the account will be removed from 1F and placed in another location code in order to assign it to a collection agency. Sallie Mae will decide to which agencies these accounts will be assigned.

The next monthly credit bureau reporting following 2/1/02 will result in the accounts being reported to the credit bureau. Collection costs will be assessed some time after 2/1/02. If the borrower makes payment in full within 60 days of 2/1/02 (inclusive), all collection costs must be waived and the trade line reported to the credit bureaus must be deleted.

Borrowers Who Are 270 Days Delinquent on/after 9/11/01:

Claims received from lenders and servicers with the 270th day of delinquency falling on or after 9/11/01 through 1/31/02 will be returned to the lender for application of the mandatory administrative forbearance and subsequent adjustment to delinquency.

Lenders and servicers may but are not required to apply a forbearance to cover any delinquency that exists prior to 9/11/01. However, in this circumstance, USA Funds encourages lenders to grant such forbearances.

Borrowers Affected by Military Mobilization or Reassignment:

Lenders are required to follow the guidance published in ED's GEN-01-13 letter.

Borrowers, who are in an in-school, in-school deferment or grace period status at the time of mobilization or reassignment must have that status extended through the time of active duty via a mandatory administrative forbearance. Furthermore, such borrowers must be granted mandatory administrative forbearance for a time period sufficient to re-enroll in the next regular enrollment period that is

reasonably available, if the borrower wishes to return to school. The total amount of mandatory administrative forbearance may not exceed three years.

Lenders are required to grant mandatory administrative forbearance for borrowers whose loans are in repayment during the borrower's expected period of active duty service, beginning with the first date of active duty and ending at the end of active duty or 1 year, whichever is less. The mandatory administrative forbearance must be granted based on the request of the borrower or the borrower's family or other reliable source.

If a borrower who is currently on active duty is reassigned and, as a result of that reassignment, his/her ability to continue making payments is impaired, the lender must grant an mandatory administrative forbearance for the period of the reassignment, up to a maximum of three years.

In the case of a defaulted borrower who is placed on active duty, all collection activities must cease for the expected period of military service, through September 14, 2002. Collection activities must resume within 30 days from September 14, 2002.

Exceptional Documentation of Borrower's Death

Lenders and collection contractors may submit reasonable documentation of a borrower's death caused by the terrorist attacks of 9/11/01 without attempting to obtain an original or certified copy of a death certificate. Such documentation should be submitted as normal with reference to date and cause of death. Upon receipt, USA Funds' will follow the internal process for discharge based on exceptional documentation.